

CIBC SUSTAINABLE INVESTMENT SOLUTIONS

CIBC SUSTAINABLE CONSERVATIVE BALANCED SOLUTION

Portfolio commentary as of November 2022

Market overview:

- Despite some remaining pockets of economic strength, including U.S. and Canadian labour markets, recession risk remains elevated as central banks continue to increase policy interest rates to regain control of inflation.
- In terms of regional outlook, the U.S. and Canada are expected to experience at least a mild recession in the next 12 months, with Europe likely headed for a deeper contraction in economic activity.
- Chinese economic growth is expected to remain weak, despite some relaxation in the government’s Covid policy and stimulus provided real estate developers.

Tactical tilting:

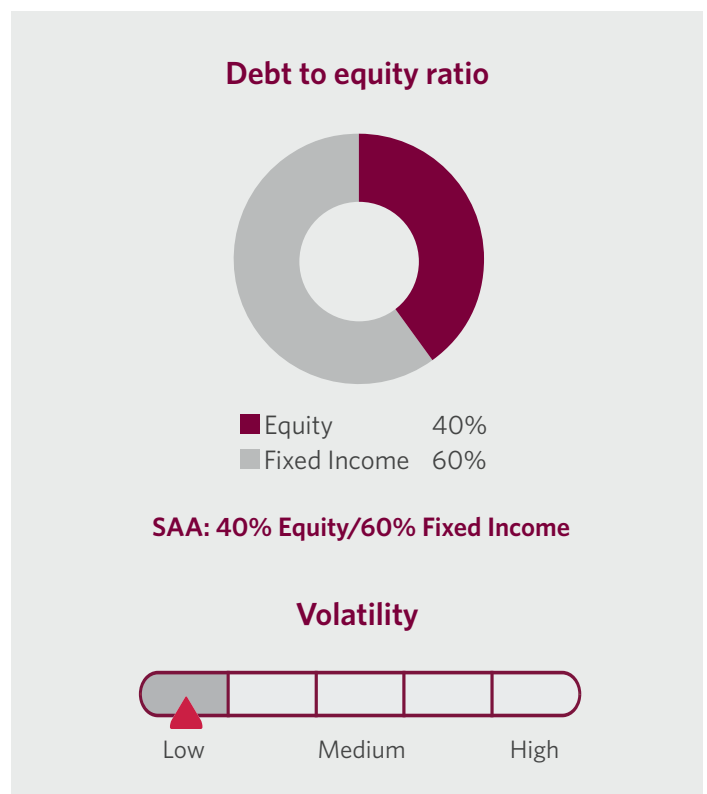
- Investor sentiment has recently become more optimistic, driven by expectations of Chinese economic reopening and a reduction in the step size of U.S. Federal Reserve policy rate increases. We think this optimism is misplaced.
- Our gloomy outlook for economic growth, as well as relatively high market valuations, means we expect a further correction lower in equity markets. This explains the introduction in November of underweight tactical tilts in Canadian, U.S., and International equity.
- Also reflecting the challenging economic outlook, we implemented overweight tilts in short-term and Canadian fixed income. Both are defensive positions that are expected to outperform in a global recession.
- At current yields, bonds seem likely to provide at least a partial hedge against the expected near-term decline in equity markets.

Asset allocation

Asset class	Strategic weight	Current weight ¹	Relative to last month
Global Equity	30.0%	30.0%	Unchanged
Canadian Equity	10.0%	10.0%	Unchanged
Canadian Bond	60.0%	60.0%	Unchanged

CIBC’s Sustainable Investment Solutions are actively managed portfolios designed to align investors’ wealth objectives with a values-based approach focused on responsible investing. The portfolios offer access to a broad range of investment opportunities through a mix of CIBC Sustainable Investment top funds.

For more information, access the CIBC Sustainable Conservative Balanced Solution fund pages: [Class A](#) | [Class F](#)



Underlying fund performance:

- The portfolio remains overweight the corporate sector and underweight the Government of Canada and Provincial sectors. The yield of the portfolio is above the benchmark due to the sector allocation strategy and duration was mostly neutral during the period versus the benchmark. Duration was brought modestly short towards the end of the month in response to the large move lower in yields.
- Canadian equities rallied in November, buoyed by double digit returns in the Energy and Technology sectors. The S&P/TSX Composite closed out the month with a return of approximately 5.53%. The Sustainable Canadian Equity Strategy outperformed the index by 0.15% in November, returning 5.68%. Outperformance was primarily driven by the strategy's zero exposure to Energy, as it was one of the worst performing sectors, returning 1.42% during the month.
- The Sustainable Global Equity strategy returned 6.98% in November, outperforming the MSCI World Index by approximately 0.60% during the month, driven by strong relative performance from the fund's Technology, Consumer, and Communications holdings. Top performers included China Dairy, NVIDIA, and Singapore Telecom. Some of these gains were partially offset by underperformance from the fund's Health Care and Industrials holdings, which marginally underperformed their peers during the month. Zero exposure to the energy sector provided more tailwinds, as the sector underperformed the broad market with a return of 2.87% - the worst performing sector in November.

Sustainability insight²

Fund	Morningstar sustainability rating
CIBC Sustainable Canadian Core Plus Bond Fund	Above average
CIBC Sustainable Canadian Equity Fund	Above average
CIBC Sustainable Global Equity Fund	High

¹Total may not sum to 100% due to rounding.

²Morningstar sustainability ratings are updated monthly. Data derived from Morningstar Direct as of November 30, 2022. © 2022 Morningstar Research Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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